MANAGEMENT'S DISCUSSION AND ANALYSIS OF Results of Operations and Financial Condition

For the Years Ended September 30, 2014 and September 30, 2013

$10.7b

In FY 2014, the exports in support of small business were $10.7 billion or 39.0 percent of the export value.

$20b+

In fiscal year 2014, ending September 30, 2014, Ex-Im Bank authorized $20,467.9 million direct loans, loan guarantees, and export credit insurance.

EXECUTIVE SUMMARY

The Export-Import Bank of the United States ("Ex-Im Bank" or "the Bank") is an independent executive agency and a wholly-owned U.S. government corporation. Ex-Im Bank is the official export credit agency of the United States. Its mission is to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing, and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank does not compete with private sector lenders but provides export-financing products that fill gaps in trade financing. Ex-Im Bank underwrites credit and country risks that the private sector is unable or unwilling to accept. The Bank also helps to level the playing field for U.S. exporters by matching the financing that other governments provide to their exporters. The Bank's charter requires reasonable assurance of repayment for the transactions it authorizes and the Bank closely monitors credit and other risks in its portfolio.

Ex-Im Bank's main goal is to equip businesses of all sizes with the competitive financing necessary to win deals in global markets and add jobs here at home—but Ex-Im Bank only does so when private financing is unavailable. As a resurgent economy and increasingly fertile lending environment draws more private lenders back into the export finance arena, Ex-Im Bank has seen its authorizations ebb from recent highs brought about in the wake of the 2008 financial crisis. Ex-Im's role is to fill in the gaps when private lenders are unable or unwilling to provide support for American-made goods and services.

In the fiscal year ended September 30, 2014 (FY 2014), Ex-Im Bank authorized $20,467.9 million of loan guarantees, insurance and direct loans in support of an estimated $27,490.2 million of U.S. export sales and of an estimated 164,000 U.S. jobs. This is a 25.2 percent decrease in authorizations from FY 2013 of $27,347.6 million. Over the past five fiscal years, annual authorizations have ranged from $20,467.9 million to $35,784.3 million in support of estimated U.S. export sales ranging from $26,438.6 million to $49,988.9 million.

Small business authorizations in FY 2014 totaled $5,050.2 million, representing 24.7 percent of total authorizations and 39.0 percent of the direct exports Ex-Im Bank supports. These totals compare to new small business authorizations in FY 2013 that equaled $5,223.0 million representing 19.1 percent of total authorizations. In FY 2014, the number of transactions that were made available for the direct benefit of small-business exporters was 3,347 transactions (89.3 percent of total transactions), compared to 3,413 small business transactions (88.8 percent of total transactions) in FY 2013.

In FY 2014, the exports supported for small businesses were $10.7 billion or 39.0 percent of the export value. This compares to $11.7 billion or 31.3 percent for FY 2013. For FY 2014, Ex-Im Bank estimates that the authorizations with indirect small business support were $0.7 billion compared to $0.8 billion in FY 2013. The total small business support in FY 2014 was $5.9 billion compared to $6.0 billion in FY 2013. Ex-Im supports the highest proportion of exports supported that benefits the small business sector.

Ex-Im Bank currently has exposure in 178 countries throughout the world. Total exposure decreased by 1.6 percent to $112,007.8 million at September 30, 2014, compared to $113,825.3 million at September 30, 2013. The decrease in exposure resulted from repayments and cancellations greater than new authorizations. The higher level of repayments resulted from higher than usual authorizations in recent years. Of this total, the Bank's largest exposure is in the aircraft-transportation sector, accounting for 45.2 percent of total exposure in FY 2014 and 45.1 percent in FY 2013. The highest geographic concentration of exposure is in Asia, with 41.1 percent of total exposure at September 30, 2014, and 40.8 percent at September 30, 2013. The percentages are in line with five year trends.

While most of Ex-Im Bank's financings are denominated in U.S. dollars, Ex-Im Bank also guarantees notes denominated in certain foreign currencies. In FY 2014, Ex-Im Bank approved $1,333.6 million in foreign-currency-denominated transactions. Total outstanding foreign-currency exposure at September 30, 2014, was $7,329.6 million, which was 6.5 percent of total exposure. The Bank expects that its demand for authorizations denominated in a currency other than the U.S. dollar will continue to be strong, given its borrowers' interest in matching debt-service costs with their earnings.

Ex-Im Bank continues its prudent oversight and due diligence standards to protect taxpayers through its comprehensive risk management framework. This framework starts with effective underwriting and includes detailed documentation and pro-active monitoring efforts to minimize defaults. In FY 2014, Ex-Im Bank paid $83.9 million in gross claims compared to a five-year average of $103.7 million. Finally, Ex-Im Bank works actively and effectively to recover overdue or defaulted accounts. During FY14, the Bank recovered $38.5 million on previously defaulted credits.

The overall weighted-average risk rating for new FY 2014 authorizations for short-term rated, medium-term, and long-term export credit authorizations was 4.09 compared to a weighted-average risk rating of 3.88 for new authorizations in FY 2013. In FY 2014, 63.2 percent of Ex-Im Bank's short-term rated, medium-term, and long-term new authorizations were in the level 1 to 4 range (AAA to BBB- equivalent) while 25.8 percent were rated level 5 to 8 (BB+ to B- equivalent). Ex-Im averages a 50% recovery rate on all defaulted credits.

The overall weighted-average risk rating for the outstanding portfolio remains relatively unchanged at 3.75 (BBB- equivalent) in FY 2014 compared to 3.70 (BBB- equivalent) in FY 2013.

Starting in 2003 Ex-Im Bank's portfolio began to shift from primarily sovereign and other public sector borrowers to primarily private sector borrowers. Between FY 2010 and FY 2014, exposure to public sector obligors has decreased from 32.8 percent to 30.7 percent, while exposure to private sector obligors has increased from 67.2 percent to 69.3 percent.

Ex-Im Bank reports under generally accepted accounting principles in the United States applicable to federal agencies (government GAAP). Under government GAAP standards, Ex-Im Bank's net excess costs over revenue for FY 2014 was $526.1 million and net excess costs over revenue for FY 2013 was $539.9 million. The Statement of Net Cost does not provide an assessment of Ex-Im Bank's operational performance. As mentioned, this statement is set up to present expenditures of funds for programs, assuming federal agencies do not earn excess fees or profit. Refer to explanation of Statement of Net Cost in section VIII. Results of Operations, Statement of Net Cost.

24.7%

Small business authorizations in FY 2014 totaled more than $5,050.2 million, representing 24.7 percent of total authorizations.

The Bank's offsetting collections and new obligations presents the Bank's operational performance. Refer to Exhibit 3: Ex-Im Bank had $800.2 million in offsetting collections, after setting funds aside for credit loss reserves, in FY 2014 and $1,254.8 million in FY 2013. Of these amounts, $674.7 million and $1,056.9 million, respectively, were sent to the U.S. Treasury. The remaining funds are used to cover administrative and program costs. In addition, in both FY 2014 and FY 2013, $23.0 million and $400.0 million, respectively, of previously collected unobligated funds Ex-Im Bank sent to the U.S. Treasury due to rescissions. Since 1992, Ex-Im Bank has sent a net $6.9 billion to the U.S. Treasury which includes excess offsetting collections, re-estimates, appropriations, and rescissions.

Ex-Im Bank's strategic plan reinforces the Bank's ability to accomplish its mission and meet its congressional mandates in future years. The Bank's vision is to create and sustain U.S. jobs by substantially increasing the number of companies it serves and expanding their access to global markets. The 2010 to 2014 strategic plan consists of four goals:

- Expand awareness of Ex-Im Bank services through focused business development and effective partnerships
- Improve ease of doing business for customers
- Create an environment that fosters high performance and innovation
- Ensure effective enterprise risk management consistent with the Bank's charter requirements.

Through implementation of its strategic plan, Ex-Im Bank works to support more U.S. companies to export to more countries and more customers and thereby create more jobs in the United States.

In FY 2013 and 2014 Ex-Im Bank was recognized as:

- The world's "Best Export Credit Agency" by *Trade and Forfaiting Review* (TFR) as part of their 2013 Excellence Awards
- The Best Global Export Credit Agency (ECA) Award for the second time and the Best ECA in the Americas Award for the fourth consecutive time by *Trade Finance Magazine*

I. MISSION AND ORGANIZATIONAL STRUCTURE

Congressional Authorization and Mission

Ex-Im Bank is an independent executive agency and a wholly owned U.S. government corporation that was first organized as a District of Columbia banking corporation in 1934. Ex-Im Bank's operations subsequent to September 30, 1991, are subject to the provisions of the Federal Credit Reform Act of 1990 (P.L. 101-508) (FCRA). The Export-Import Bank Reauthorization Act of 2012 extended the Bank's authority until September 30, 2014. In accordance with its enabling legislation, continuation of Ex-Im Bank as an independent corporate agency of the United States is subject to periodic extensions granted by Congress. The Administration has requested a five-year extension of the Bank's charter through FY 2019. Congressional authorization has been temporarily extended through June 30, 2015. Management believes that Ex-Im Bank's authorization will be further extended until a final authorization is passed by Congress. If the charter is temporarily not extended, the Bank will not be able to authorize new credits; however, under the terms of its charter the Bank will continue to service existing loans, guarantees, and insurance policies. Ex-Im is currently appropriated through a continuing resolution through December 11, 2014 and management expects Ex-Im Bank will receive an appropriation when Congress approves an Omnibus Appropriations Bill funding the entire U.S. Government.

Ex-Im Bank's mission is to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing, and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank supports U.S. exports by providing export financing through its loan, guarantee, and insurance programs in cases where the private sector is unable or unwilling to provide financing or where such support is necessary to level the playing field due to financing provided by foreign governments to their exporters that are in competition for export sales with U.S. exporters. The Bank's charter requires reasonable assurance of repayment for the transactions the Bank authorizes, and the Bank closely monitors credit and other risks in its portfolio. In pursuit of its mission of supporting U.S. exports, Ex-Im Bank offers four financial products: loan guarantees, working capital guarantees, direct loans and export-credit insurance. All Ex-Im Bank obligations carry the full faith and credit of the U.S. government.

Products

From a portfolio perspective, guarantees made up the largest portion (62.0 percent and 61.8 percent) of Ex-Im Bank's exposure at September 30, 2014, and September 30, 2013, respectively.

(in millions)	FY 2014		FY 2013	
Outstanding Guarantees	$60,905.9	54.4%	$59,195.7	52.0%
Outstanding Loans	21,560.4	19.2%	18,248.1	16.0%
Outstanding Insurance	2,253.9	2.0%	2,867.0	2.5%
Outstanding Claims	1,219.9	1.1%	1,328.9	1.2%
Total Outstanding	**85,940.1**	**76.7%**	**81,639.7**	**71.7%**

(in millions)	FY 2014		FY 2013	
Undisbursed Loans	11,094.3	9.9%	14,755.9	13.0%
Undisbursed Guarantees	8,457.3	7.6%	11,148.6	9.8%
Undisbursed Insurance	6,516.1	5.8%	6,281.1	5.5%
Total Undisbursed	**26,067.7**	**23.3%**	**32,185.6**	**28.3%**
Total Exposure	**$112,007.8**	**100.0%**	**$113,825.3**	**100.0%**

Ex-Im Bank loan guarantees cover the repayment risks on the foreign buyer's debt obligations incurred to purchase U.S exports. Ex-Im Bank guarantees to a lender that, in the event of a payment default by the borrower, it will pay to the lender the outstanding principal and interest on the loan. Ex-Im Bank's comprehensive guarantee covers commercial and political risks for up to 85 percent of the U.S. contract value.

Loans and guarantees extended under the medium-term loan program typically have repayment terms of one to seven years, while loans and guarantees extended under the long-term loan program usually have repayment terms in excess of seven years.

Under the Working Capital Guarantee Program, Ex-Im Bank provides repayment guarantees to lenders on secured, short-term working capital loans made to qualified exporters. The working capital guarantee may be approved for a single loan or a revolving line of credit.

To ensure that Ex-Im Bank furthers its long track record of responsible stewardship of taxpayer dollars, Ex-Im Bank maintains a comprehensive risk management framework—one built on a foundation of effective underwriting in order to satisfy our congressional mandate that every authorization Ex-Im Bank completes comes with "a reasonable assurance of repayment." To that end, approximately 80 percent of our authorizations in FY 2014 were backed by a sovereign guarantee or collateral. In the aircraft sector of the portfolio, Ex-Im Bank is over collateralized with a value to loan ratio of 1.4 to 1 of the portfolio outstanding balance.

When needed, Ex-Im Bank offers fixed-rate loans directly to foreign buyers of U.S. goods and services. Ex-Im Bank extends to a company's foreign customer a fixed-rate loan covering up to 85 percent of the U.S. contract value. Ex-Im Bank's direct loans generally carry fixed-interest rate terms under the Arrangement on Guidelines for Officially Supported Export Credits negotiated among members of the Organisation for Economic Co-operation and Development (OECD).

Ex-Im Bank's Export Credit Insurance Program supports U.S. exporters sell their goods overseas by protecting them against the risk of foreign-buyer or other foreign-debtor default for political or commercial reasons, allowing them to extend credit to their international customers. Insurance policies may apply to shipments to one buyer or many buyers, insure comprehensive (commercial and political) credit risks or only political risks, and cover short-term or medium-term sales are primarily U.S. dollar transactions, so there is no foreign currency risk.

Reasonable Assurance of Repayment

Ex-Im Bank's charter requires a reasonable assurance of repayment for all credit authorizations in order to ensure that Ex-Im Bank balances support for U.S. export transactions with protection of taxpayer resources.

The Bank's Board of Directors, or a Bank officer acting pursuant to delegated-approval authority from the Board of Directors, makes the final determination of reasonable assurance of repayment, taking into consideration staff recommendations as well as the environmental impact. Transactions require the approval of the Board of Directors directly or through delegated authority.

Budgeting for New Authorizations Under the FCRA

Under the FCRA, the U.S. Government budgets for the present value of the estimated cost of credit programs. For Ex-Im Bank, the cost is determined by analyzing the net present value of expected cash receipts and cash disbursements associated with all credits authorized during the year. Cash receipts typically include fees or premia and loan principal and interest, and cash disbursements typically include loan disbursements and the payment of claims. Ex-Im Bank collects fees that cover program obligations and administrative costs.

When expected cash disbursements exceed expected cash receipts, there is an expected net outflow of funds, resulting in a "cost" to the Bank. This cost is sometimes referred to as subsidy or program cost. Ex-Im Bank is required to estimate this cost annually and to seek budget authority from Congress to cover that cost. New loans and guarantees with a program cost cannot be committed unless sufficient program budget authority is available to cover the calculated credit cost. Ex-Im Bank is devoting extensive time and resources in exploring ways to reduce credit subsidy expenses, which are on track to reach zero subsidies in FY 2015.

When expected cash receipts exceed expected cash disbursements, there is an expected net inflow of funds to Ex-Im Bank. The net inflow to the Bank is a "negative" subsidy or program revenue. Prior to FY 2008, the amount of program revenue was not credited or retained by the Bank but instead was transferred to a general fund receipt account at the U.S. Treasury upon disbursement of the underlying credit.

Since 1992, the Bank has sent to the U.S. Treasury

$6.9b

more than it received in appropriations for program and administrative costs.

In FY 2008, Congress changed the form in which budget authority is provided to the Bank to cover (1) the estimated costs for that portion of new authorizations where fees are insufficient to cover expected losses (subsidy or program cost) and (2) administrative expenses. At the start of the fiscal year, the U.S. Treasury provides Ex-Im Bank with an appropriation warrant for program costs as well as administrative expenses. The amount of the warrant is established by spending limits set by Congress. Fees collected during the year that are in excess of expected losses (offsetting collections) are retained by Ex-Im Bank and used to repay the warrant received at the start of the year, resulting in a net appropriation of zero and the Bank being self-financing for budgetary purposes.

This change occurred as a result of an ongoing in-depth analysis of the Bank's historical net default experience in relation to the fees collected on its credit programs. The analysis shows that fees collected were not only sufficient to cover credit losses, they were also sufficient to cover administrative costs. In fact, since the inception of FCRA in 1990, the Bank has sent to the U.S. Treasury $6.9 billion more than it received in appropriations for program and administrative costs.

Although Ex-Im Bank is self-financing, Congress continues its oversight of the Bank's budget, setting annual limits on its use of funds for program administrative expense obligations and other obligations.

Organizational Structure

Ex-Im Bank's headquarters are located in Washington, D.C. with business development efforts supported through 12 regional offices across the country.

Ex-Im Bank is divided into the following key functional areas:

Board of Directors: The board of directors consists of the president of the Bank, who also serves as the chairman, the first vice president of the Bank, who serves as vice chairman, and three additional directors. All are appointed by the president of the United States with the advice and consent of the Senate. The board authorizes the Bank's transactions either directly or through delegated authority and includes an audit committee.

Office of the Chairman: The president serves as the chief executive officer of the Bank and chairman of the board of directors. The president represents the board in its relations with other officers of the Bank, with agencies and departments of the government, and with others having business with the Bank. The president has charge over the business of the Bank. The following officers report directly to the president of the Bank:

Chief Risk Officer: The Chief Risk Officer serves as the Bank's Executive Vice President charged with managing and directing all Bank programs and operations, including the Bank's enterprise-wide risk function.

Chief of Staff: The Chief of Staff is the principal political and communications problem-solver and advisor to the chairman and president of the Bank.

Chief Banking Officer: The Chief Banking Officer oversees the Export Finance Group and develops long term strategy to meet the Bank's export goals.

Senior Vice President for Small Business: The Bank's charter provides that the head of the small business function report directly to the president of the Bank.

Office of the Chief of Staff: This group provides overall direction and management of the Bank's policies and government and external affairs, reauthorization efforts, and initiates and implements long term strategic goals. The following departments and officers are supervised by this office:

Office of Policy and Planning: The Office of Policy and Planning is responsible for policy development and analysis and serves as the Bank's liaison with the OECD and Berne Union.

Office of Congressional Affairs: The Office of Congressional Affairs is responsible for the Bank's relations with Congress and other government agencies.

Office of Communications: The Office of Communications is responsible for marketing, public affairs, and external affairs.

Office of the Chief Banking Officer and Export Finance: The Office of the Chief Banking Officer leads the Office of Export Finance, primarily focusing on export strategy, with business outreach and development in key markets. The Office of Export Finance is responsible for the origination and processing of transactions for most lines of business, as well as transaction servicing, operations, and business development. The following divisions are supervised by the Chief Banking Officer:

Trade Finance and Insurance

Transportation Group

Customer Experience

Business Credit

Operations and Data Quality

Structured and Project Finance

Business and Product Development

Global Business Development

Business and Product Development: The Senior Vice President of Business and Product Development, reporting to the Chief Banking Officer, focuses on promoting products to new and current customers of Ex-Im Bank. As a senior member of the Bank, this person serves as the knowledge expert on Bank products and practices.

Office of the Executive Vice President and Chief Risk Officer: The Office of the Executive Vice President and Chief Risk Officer oversees management of the Bank and the full range of enterprise risk facing the bank, including repayment risk, market risk, operational risk, legal risk and other risks.

Office of the Chief Financial Officer: The Office of the Chief Financial Officer is responsible for all financial operations of the Bank, including budget formulation and execution, treasury, internal audit, credit accounting and servicing, financial reporting, asset monitoring and management, claims and recoveries, and portfolio review.

Office of the General Counsel: The Office of the General Counsel provides legal counsel to the Bank's management, staff, and the Board of Directors and negotiates and documents the Bank's transactions. The Office of the General Counsel also ensures that the Bank complies with all applicable laws and regulations.

Office of Credit and Risk Management: The Office of Credit and Risk Management is responsible for reviewing the creditworthiness of certain proposed transactions and reviewing transactions for compliance with the Bank's individual delegated authority. This group also evaluates the technical aspects and environmental impact of proposed projects, and is responsible for credit policy, country risk and economic analysis.

Office of Resource Management: The Office of Resource Management directs human resources, contracting, technology management, facility administration, and operating services.

Business Process Division: The Business Process Division is charged with reengineering business processes to enhance effectiveness and increase productivity through the Total Enterprise Modernization Project (TEM).

Office of Inspector General: The Office of Inspector General is an independent office within the Bank created by law to conduct and supervise audits, inspections, and investigations relating to the Bank's programs and supporting operations; to detect and prevent waste, fraud and abuse; and to promote economy, efficiency and effectiveness in the administration and management of the Bank's programs.

II. FINANCIAL ACCOUNTING POLICY

The accompanying FY 2014 and FY 2013 financial statements have been prepared in accordance with generally accepted accounting principles in the United States applicable to federal agencies. The format of the financial statements and footnotes are in accordance with form and content guidance provided in Circular A-136, Financial Reporting Requirements, revised as of September 18, 2014, issued by the Office of Management and Budget (OMB). Circular A-136 details the financial data required to be disclosed, the assertions and reviews over financial information that must be performed and suggests the presentation of such information.

Ex-Im Bank follows OMB Circular A-11 as the primary guidance for calculating the program cost associated with the Bank's transactions. In accordance with this guidance, the amount of program cost calculated on the Bank's transactions authorized after FCRA and the associated fees collected equates to the loss allowance on these transactions, and is disclosed as such on the financial statements and related notes.

III. STRATEGY AND CONGRESSIONAL MANDATES

Facilitate U.S. Exports to Support U.S. Jobs

Ex-Im Bank supports U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing, and ensuring a level playing field for U.S. goods and services in the global marketplace. Ex-Im Bank's programs offer effective financing support, enabling exporters to win export sales where such support is necessary to match officially supported foreign competition and to fill financing gaps due to the lack of available commercial financing. Exports and the jobs they support are a critical component of the U.S. economy, with exports representing about 13.5 percent of the U.S. gross domestic product as of the second quarter of FY 2014.

Jobs Calculation Methodology

Ex-Im Bank's jobs estimate methodology follows the jobs calculation methodology designated by the Trade Promotion Coordinating Committee (TPCC), which uses employment data computed by the Bureau of Labor Statistics (BLS) to calculate the number of jobs associated with Ex-Im Bank-supported exports of goods and services.

The Bank uses the latest available domestic employment requirements table (ERT) as computed by the BLS to calculate the number of jobs associated with Ex-Im Bank supported goods and services. The ERT quantifies the number of direct and indirect production-related jobs associated with a million dollars of final demand for 196 detailed industries.

The ERT is derived from a set of data showing the relationship between industries, known as input-output tables. These tables are based on historical relationships between industry inputs (e.g., labor) and outputs (e.g., goods for consumption). BLS then scales these relationships using estimates about labor productivity (output per person employed) into employment required for one million dollars of output in that industry (jobs ratios). The TPCC designated this basic input-output approach as the standard for U.S. government agencies.

This jobs-calculation methodology has advantages and disadvantages. For example, an advantage is that it is based on the input-output approach commonly used in economic analysis; it captures indirect jobs in the supply chain and can be performed using limited resources. However, important limitations and assumptions also accompany this jobs-calculation methodology. For example, the employment data are a count of jobs that treat full-time, part-time and seasonal jobs equally. In addition, the data assume average industry relationships, but Ex-Im's clients could be different from the typical firm in the same industry. Further, the underlying approach cannot answer the question of what would have happened without the effect of Ex-Im financing, thus preventing Ex-Im Bank from distinguishing between jobs that were newly created and those that were maintained.

For jobs estimates based on FY2014 Ex-Im Bank authorizations, the Bank supports 6,190 jobs per $1 billion of U.S. exports. This figure is a weighted average based on each industry's relative jobs per $1 billion average at time of calculation.

Strategic Plan

Ex-Im Bank's strategic plan reinforces the Bank's ability to accomplish its mission and meet its congressional mandates in future years. The Bank's vision is to create and sustain U.S. jobs by substantially increasing the number of companies it serves and expanding their access to global markets. The strategic plan consists of four goals:

- Expand awareness of Ex-Im Bank services through focused business development and effective partnerships
- Improve ease of doing business for customers
- Create an environment that fosters high performance and innovation
- Ensure effective enterprise risk management consistent with the Bank's charter requirements.

The 2013 update to the strategic plan added the last goal to ensure effective enterprise risk management consistent with the Bank's charter requirements.

The strategic plan is designed to help guide efforts at all levels of the organization and is used as a foundation for strategic and operational discussions internally.

In an effort to provide greater emphasis on enterprise risk management, Ex-Im Bank established an Enterprise Risk Committee (ERC) in late 2013. The committee's primary goal is to implement, evaluate and manage a comprehensive and systematic risk structure at the Bank. The committee's responsibility includes the full range of risks facing the bank: Strategic Risk, Repayment Risk, Market Risk, Operational Risk, and Legal Risk. Other areas of focus for the Enterprise Risk Committee include, but are not limited to, due diligence measures, risk rating evaluations, impaired credit monitoring, and the overall effectiveness of risk management practices.

The Enterprise Risk Committee is chaired by the Chief Risk Officer and includes as its membership the senior vice presidents of the Bank, who supervise all of the functional offices of the bank. The committee meets at least monthly and gives periodic updates and recommendations to the President and Chairman of the Board and the Audit Committee of the Board of Directors.

Beginning in FY 2012 and continuing for the next five years, the Bank began a project to modernize IT systems infrastructure and business processes. The Total Enterprise Modernization (TEM) project is making long-deferred technology investments and business process improvements to grow the Bank's capacity to meet customer needs and enhance long-term capabilities of the Bank.

Results: FY 2014 Authorizations

A resurging economy and increasingly liquid lending environment resulted in more private lenders funding export finance during the year, as a result, Ex-Im Bank has seen its authorizations ebb from recent highs brought about in the wake of the 2008 financial crisis. Ex-Im's role is to match competition from other ECAs (export credit agencies) and fill in the gaps when private lenders are unable or unwilling to provide support for American-made goods and services. As such, Ex-Im Bank authorizations are, to a certain extent, contra-cyclical during times of liquidity.

In FY 2014, Ex-Im Bank approved $20,467.9 million in authorizations. This is a 25.2 percent decrease from authorizations of $27,347.6 million in FY 2013. The authorizations supported an estimated U.S. export value of $27,490.2 million for FY 2014 and $37,412.0 million in FY 2013 and an estimated 164,000 and 205,000 U.S jobs in FY 2014 and FY 2013, respectively. Full-year authorizations ranged from $20,467.9 million to $35,784.3 million during the past five fiscal years as shown in Exhibit 1.

EXHIBIT 1: AUTHORIZATIONS BY FISCAL YEAR

(in millions)

Authorizations	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
LONG-TERM					
Loans	$4,255.5	$6,315.0	$11,751.7	$6,878.4	$1,927.6
Guarantees	10,225.0	15,479.4	14,879.6	12,179.7	10,789.2
Subtotal, Long–Term	**14,480.5**	**21,794.4**	**26,631.3**	**19,058.1**	**12,716.8**
MEDIUM-TERM					
Loans	5.1	7.9	12.8	–	–
Guarantees	702.5	693.0	186.8	132.5	135.0
Insurance	312.9	238.8	165.0	101.7	98.8
Subtotal, Medium–Term	**1,020.5**	**939.7**	**364.6**	**234.2**	**233.8**
SHORT-TERM					
Working Capital	2,178.5	3,228.0	3,254.1	2,615.0	2,410.0
Insurance	6,788.3	6,765.0	5,534.3	5,440.3	5,107.3
Subtotal, Short–Term	**8,966.8**	**9,993.0**	**8,788.4**	**8,055.3**	**7,517.3**
TOTAL AUTHORIZATIONS	**$24,467.8**	**$32,727.1**	**$35,784.3**	**$27,347.6**	**$20,467.9**

Long-term transactions: The Bank's credit assessment includes an evaluation of the industry/position and primary source of repayment, the borrower's operating performance, liquidity position, leverage, and ability to service its existing and prospective debt obligations throughout the term of the exposure. Consideration may also be given to either credit enhancements proffered by the borrower and/or those deemed necessary by Ex-Im Bank. A risk rating is assigned to the transaction based on this evaluation which in turn establishes the level of loss reserves the Bank must set aside.

Short-term and medium-term transactions: These transactions are largely underwritten under individual delegated authority pursuant to prescribed credit standards and information requirements. Governance and control procedures employed include periodic credit and compliance reviews, the results of which are provided to senior management and the Board of Directors.

Facilitate U.S. Exports by Small Businesses

Small businesses are major creators of jobs in America. The Bank's mandate from Congress places significant emphasis on supporting small business exports. Ex-Im Bank's Charter states: "The Bank shall make available, from the aggregate loan, guarantee and insurance authority available to it, an amount to finance exports directly by small business concerns (as defined under Section 3 of the Small Business Act) which shall be not less than 20 percent of such authority for each fiscal year."

Ex-Im Bank's Office of Small Business provides a bank wide focus on small business support with overall responsibility for expanding and overseeing small business outreach. This group is responsible for helping to provide small businesses with financial assistance to increase export sales and for acting as a liaison with the Small Business Administration and other departments and agencies in the U.S. government in matters affecting small businesses.

Ex-Im Bank's programs play an important role in providing export-finance support to small businesses that have the ability to expand and create American jobs. In 1978, Ex-Im Bank introduced its first short-term export-credit insurance policy tailored for small business, In 1985, Congress enacted a 10 percent mandate on small business authorizations, which was increased in 2002 to 20 percent. Ex-Im Bank continues to innovate, design, and implement programs and policies to meet the needs of the U.S. small business exporter.

Results: FY 2014 Small Business Authorizations

Ex-Im Bank's objective is to grow small business authorizations in the context of a reasonable assurance of repayment and in response to market demand. Small business authorizations in FY 2014 were $5,050.2 million as compared with small business authorizations for FY 2013 of $5,223.0 million. In FY 2014, small business authorizations represented 24.7 percent of total authorizations and 39.0 percent or $10.7 billion of the direct exports Ex-Im Bank supported. This compares to 19.1 percent of total authorizations and 31.3 percent or $11.7 billion for FY 2013. During FY 2014, the number of transactions that were executed for the direct benefit of small business exporters was 3,347 transactions (89.3 percent of the total number of transactions), compared to 3,413 transactions (88.8 percent of the total number of transactions) in FY 2013. For FY 2014, Ex-Im Bank estimates that authorizations with indirect small business support were $0.7 billion compared to $0.8 billion in FY 2013.

In FY 2014, Ex-Im Bank authorized $751.3 million, 3.7 percent of total authorizations, to support exports by small and medium-sized business known to be minority-owned and women-owned, compared to authorizations of $815.6 million, 3.0% of total authorizations, in FY 2013.

Ex-Im Bank offers two products that primarily benefit small businesses: working capital guarantees (including supply-chain finance guarantees) and export-credit insurance. In FY 2014 and FY 2013 $1,771.5 million and $1,813.8 million, respectively, (74.3 percent and 69.5 percent, respectively), of total authorizations in the Working Capital Guarantee Program supported small businesses.

Of the total authorizations under the export-credit insurance program in FY 2014, $2,917.6 million (57.7 percent) supported small businesses compared to $2,812.5 million (50.8 percent) in FY 2013.

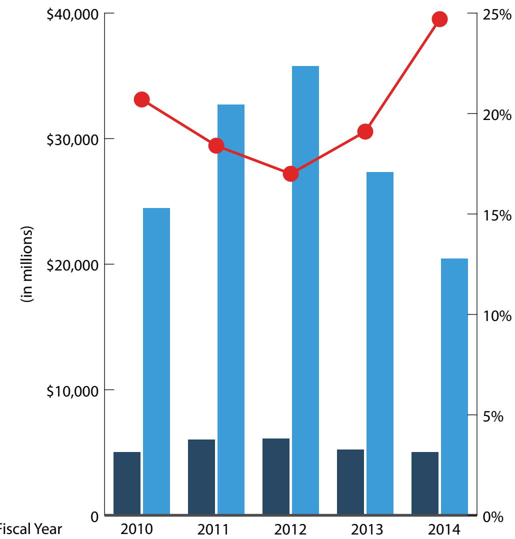
Exhibit 2 shows the total dollar amount of authorizations for small business exports for each year since FY 2010, together with the percentage of small business authorizations to total authorizations for that fiscal year.

Facilitate U.S. Exports for Environmentally Beneficial Goods and Services

Ex-Im Bank's financing helps mitigate risk for U.S. companies that offer environmentally beneficial goods and services and also offers competitive financing terms to international buyers for the purchase of these goods and services. Ex-Im Bank has an active portfolio that includes financing for U.S. exports of:

- Renewable energy equipment
- Wastewater treatment projects
- Air pollution technologies
- Waste management services
- Other various environmental goods and services

EXHIBIT 2: SMALL BUSINESS AUTHORIZATIONS



Fiscal Year	2010	2011	2012	2013	2014
Small Business Authorizations	$5,052.9	$6,037.3	$6,122.9	$5,223.0	$5,050.2
Total Authorization	$24,467.8	$32,727.1	$35,784.3	$27,347.6	$20,467.9
Percentage of Authorizations	20.7%	18.4%	17.1%	19.1%	24.7%

Ex-Im Bank support for U.S. environmental companies ultimately fuels U.S. job creation and the innovative research and development that allow the U.S. environmental industry to remain at the forefront worldwide.

Results: FY 2014 Environmentally Beneficial Authorizations

In FY 2014, Ex-Im Bank authorizations of environmentally beneficial goods and services totaled $335.7 million compared to $433.1 million in FY 2013. Approximately 1.6 percent of the Bank's FY 2014 authorizations supported environmentally beneficial goods, which was comparable to the percentage in FY 2013.

Ex-Im Bank's total number of renewable-energy authorizations, a subset of the Bank's environmentally beneficial authorizations, was unchanged at 32 in FY 2014 from 32 in FY 2013. In FY 2014, Ex-Im Bank authorizations which support U.S. renewable-energy exports and services totaled $186.8 million compared to $257.0 million in FY 2013. FY 2014 authorizations were driven by financing wind energy projects in Latin America. The decrease in overall authorizations in FY 2014 was driven primarily by the lack of financing demand for solar projects in India, Ex-Im Bank's major market for solar financing, as the result of transition in the National Solar Mission in India from Phase 1 to Phase 2.

Ex-Im Bank's financing is demand driven. Since the creation of Ex-Im Bank's Office of Renewable Energy in 2009, Ex-Im Bank has supported $3,212.2 million in renewable energy transactions.

Facilitate U.S. Exports to Sub-Saharan Africa

Ex-Im Bank provides U.S. exporters with the financing tools they need to successfully compete for business in Africa. Ex-Im Bank's products and initiatives help U.S. exporters in all regions of Africa, including high-risk and emerging markets. The Bank's charter states that the Bank shall "take prompt measures, consistent with the credit standards otherwise required by law, to promote the expansion of the Bank's financial commitments in sub-Saharan Africa under the loan, guarantee, and insurance programs of the Bank." Ex-Im Bank has established an advisory committee to advise the Board of Directors on the development and implementation of policies and programs designed to support those programs.

Results: FY 2014 Sub-Saharan Africa Authorizations

The total number of sub-Saharan Africa authorizations increased 2.1 percent to 192 in FY 2014 from 188 in FY 2013. The dollar amount of authorizations increased 240.1 percent to $2,055.1 million (10.0 percent of total authorizations) in FY 2014 from $604.2 million (2.2 percent of total authorizations) in FY 2014. Across the region, there has been substantial investment in infrastructure, including in ports, electricity capacity, and transportation. There was an increase in aircraft authorizations from approximately $160.0 million in FY 2013 to $1,000.0 million in FY 2014. The main driver of this change is an $835.1 million authorization to Kenya Airways, a deal that will catalyze Nairobi's growth as a major aviation hub, expand Kenya Airways' fleet of high-quality aircraft, and support 5,400 manufacturing and other quality jobs at Boeing's suppliers across America.

IV. EFFECTIVENESS AND EFFICIENCY

Ex-Im Bank uses various measures to assess the relative efficiency and effectiveness of the Bank's programs. As an overall measure, the Bank's annual *Report to the U.S. Congress on Export Credit Competition and the Export-Import Bank of the United States* (competitiveness report) compares the Bank's competitiveness with that of the other export credit agencies (ECAs). In addition, Ex-Im Bank uses various leverage measures to assess efficiency and cost effectiveness.

Ex-Im Bank has been Self-Sustaining Since FY 2008

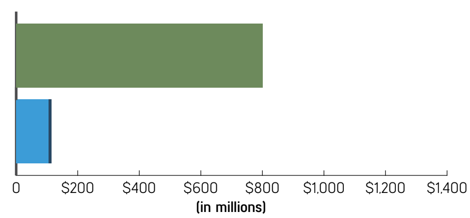
Ex-Im Bank has been self-sustaining for budgetary purposes since FY 2008. As a result, the Bank does not rely on Congressional appropriation to sustain operations, which is critical in a tight budgetary environment. Ex-Im Bank's program revenue (i.e., in a given year, fee and interest collections from transactions that exceed the forecasted loss on those transactions) is retained as offsetting collections and used to offset the cost of new obligations in the fiscal year, including prudent reserves to cover future losses as well as all administrative costs. In FY 2014, Ex-Im Bank collected $800.2 million in offsetting collections, while subsidy and administrative obligations totaled $135.6 million; compared with $1,254.8 million offsetting collections and $132.3 million subsidy and administrative obligations in FY 2013.

For Ex-Im, prudent lending and rigorous risk management have consistently led to positive returns for American taxpayers. In FY 2014, Ex-Im wired $674.7 million to the U.S. Treasury to be used for deficit reduction—the latest in a long line of surplus revenues. All told, over the last two decades, Ex-Im has generated $6.9 billion in revenues for U.S. taxpayers above and beyond the cost of Bank operations and loan loss reserves.

Ex-Im Bank's self-sustaining status also complies with the World Trade Organization (WTO) Agreement on Subsidies and Countervailing Measures, which is an agreement between 138 member countries. This agreement contains a list of prohibited export subsidies, one of which is official export credit. The relevant guidance for guarantees and insurance is that such programs are prohibited subsidies if the activity is done at premium rates which are inadequate to cover long-term operating costs and losses. Despite Ex-Im's self-sustaining

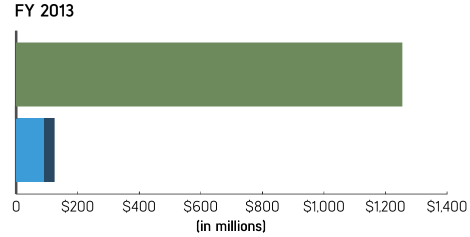
EXHIBIT 3: OFFSETTING COLLECTIONS AND NEW OBLIGATIONS

FY 2014



Offsetting Collections	$800.2
Administrative Expenses	$105.5
Program Costs	$8.7

FY 2013



Offsetting Collections	$1,254.8
Administrative Expenses	$89.9
Program Costs	$34.1

For each dollar of expenses (administrative and program cost), the Bank generated $7.01 in offsetting collections in FY 2014.

More than

80%

of Ex-Im Bank's entire portfolio is backed by some form of collateral or sovereign guarantee.

status, Congress still continues its oversight of the Bank's budget, setting annual limits on the use of funds for program budget and administrative expense obligations. Ex-Im Bank has also devoted extensive time and resources in exploring ways to reduce credit subsidy expenses, which are on track to reach zero subsidy in FY 2015.

Recognition From Customers and Peers

The Bank's competitiveness report to Congress showed survey results from exporters and lenders that indicated the Bank's core business policies and practices were classified as competitive with other officially supported foreign competition, primarily other G-7 ECAs. According to the data, Ex-Im Bank terms, including policy coverage, interest rates, exposure-fee rates, and risk premia, consistently matched competitors.

Ex-Im Bank continues to receive recognition from Trade Finance Magazine. This publication serves as the global magazine for decision makers in the trade-finance and export communities. The Bank also received several accolades from Global Finance Magazine that recognized Ex-Im Bank as the Best Trade Finance Multilateral Institution or Export Credit Agency.

The landscape of export credit agencies is shifting. Many of Ex-Im Bank's competitor ECAs are moving away from their traditional roles and are evolving into quasi-market players. They are doing this by allowing greater non-domestic content in the projects that they support and by venturing into more commercial endeavors, such as financing into high-income markets. Also, Ex-Im Bank's public-policy constraints—economic-impact analysis, foreign-content policy, local-costs policy, tied-aid policies and procedures, and U.S. shipping requirements—have the potential to create tensions between the goals of maximizing U.S. exporter competitiveness as compared with foreign ECA-backed competition and satisfying public mandates

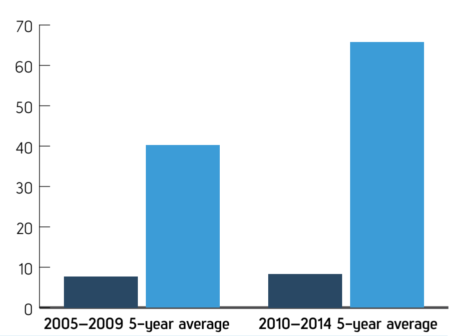
Protecting the U.S. Taxpayer

Ex-Im Bank continues its prudent oversight and due diligence standards to protect taxpayers through its comprehensive risk management framework. This framework starts with effective underwriting to ensure a reasonable assurance of repayments. More than 80 percent of Ex-Im Bank's entire portfolio is backed by some form of collateral or a sovereign guarantee. The Bank's comprehensive risk management program includes detailed documentation to ensure the Bank's rights are protected legally and that the transaction is not in violation of U.S. government policy and sanctions. And it continues after a transaction is approved with pro-active monitoring efforts to minimize defaults. The Bank believes that a comprehensive risk management framework with strong emphasis on continuous improvement minimizes claims and defaults. Ex-Im Bank engages in robust portfolio management, as well as oversight and governance, including the setting aside of adequate loan loss reserves.

Ex-Im Bank reports to the U.S. Congress quarterly the current default rate on its active portfolio. The September 30, 2014 reported number was 0.175 percent. This rate reflects a "total amount of required payments that are overdue" (claims paid on guarantees and insurance transactions plus loans past due) divided by a "total amount of financing involved" (disbursements). The low default rate is the result of the Bank's few defaults coupled with effective portfolio management action on those credits that do default.

Claims and defaulted loans are paid from fees collected from the Bank's customers. Over the last five fiscal years as the Bank's authorizations increased 30 percent, the payments on claims and defaulted loans decreased 71 percent. In FY 2014, Ex-Im Bank paid gross claims of $40.3 million with $43.7 million of loans in arrears. These figures represent 0.04 percent of the total exposure of the Bank.

EXHIBIT 5: TREND OF AUTHORIZATIONS PER EMPLOYEE



	2005–2009 5-year average	2010–2014 5-year average
Count Authorized per Employee	7.7	8.3
Dollar Authorized per Employee	$40.2	$65.7

Another efficiency measure (Exhibit 5), examines the trend of authorizations per employee using five-year averages. The 2010 through 2014 five-year average dollar amount of authorizations per employee was $65.7 with an average count of 8.3 transactions per employee. This compares to a 2005 through 2009 five-year average of $40.2 and a count of 7.7 transactions per employee.

V. PORTFOLIO ANALYSIS

Ex-Im Bank's Portfolio by Program, Region, Industry, Obligor Type, and Foreign Currency

For financial statement purposes, Ex-Im Bank defines exposure as the authorized outstanding and undisbursed principal balance of loans, guarantees, and insurance. It also includes the unrecovered balance of payments made on claims that were submitted to Ex-Im Bank in its capacity as guarantor or insurer under the export guarantee and insurance programs. Exposure does not include accrued interest or transactions pending final approval. This corresponds to the way activity is charged against the Bank's FY 2014 $140 billion lending limit imposed by Section 6(a)(2) of Ex-Im Bank's charter.

Working capital guarantees may be approved for a single loan or a revolving line of credit, with an availability generally of one year. Guaranteed lenders do not report activity to Ex-Im, the entire credit is assumed to be "disbursed" when the fee is paid to Ex-Im. The credit is recorded as repaid in one installment 180 days after the expiry date of the credit unless the Controller's office is notified before that time that a claim has been paid. Under the assumption that the exporter is using the credit up to the end of the expiry period, six months provides sufficient time for the guaranteed lender to report defaults to Ex-Im Bank in the event that the exporter does not repay the credit. If a claim is paid, the remaining outstanding balance of the credit associated with the claim is reduced to zero. Exposure is then reflected as an unrecovered claim.

Since there is typically a delay in reporting shipments under the insurance program, undisbursed balances remain on the books for 120 days after the expiry date to allow for the posting of shipments that took place within the period covered by the policy but were reported after the expiry date. These unreported shipments pose some liability in the form of claims that have been incurred but not yet reported (IBNR). Leaving the policy open past the expiry date provides a reserve for IBNR.

Ex-Im Bank currently has exposure in 178 countries throughout the world totaling $112,007.8 million at September 30, 2014. Total exposure over the five-year period has averaged $99.4 billion.

Exhibit 6 summarizes total Ex-Im Bank exposure by program and shows each program as a percentage of the total exposure at the end of the respective fiscal year.

EXHIBIT 6: EXPOSURE BY PROGRAM

(in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Guarantees	$51,828.9	$61,429.1	$66,860.2	$70,344.3	$69,363.2
Loans	11,200.3	16,732.4	28,758.3	33,004.0	32,654.7
Insurance	9,866.5	9,312.9	9,528.7	9,148.1	8,770.0
Receivables from Subrogated Claims	2,318.2	1,677.6	1,499.2	1,328.9	1,219.9
Total Exposure	**$75,213.9**	**$89,152.0**	**$106,646.4**	**$113,825.3**	**$112,007.8**

(% of Total)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Guarantees	68.9%	68.9%	62.7%	61.8%	61.9%
Loans	14.9%	18.8%	27.0%	29.0%	29.2%
Insurance	13.1%	10.4%	8.9%	8.0%	7.8%
Receivables from Subrogated Claims	3.1%	1.9%	1.4%	1.2%	1.1%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 7 summarizes total Ex-Im Bank exposure by geographic region. The All Other category in Exhibit 7 includes undisbursed balances of short-term multibuyer insurance that is not allocated by region until the shipment has taken place.

EXHIBIT 7: GEOGRAPHIC EXPOSURE

(in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Asia	$27,655.2	$32,832.3	$42,345.3	$46,463.2	$46,007.2
Latin America and Caribbean	15,606.3	19,728.3	22,104.6	21,454.2	20,105.7
Europe	7,907.3	10,772.7	11,303.8	15,711.8	15,924.2
North America	7,773.9	9,352.9	10,579.3	10,496.9	8,638.1
Oceania	4,601.9	5,372.5	8,305.0	8,255.5	8,258.5
Africa	4,949.4	4,832.5	5,770.8	5,548.3	6,885.1
All Other	6,719.9	6,260.8	6,237.6	5,895.4	6,189.0
Total Exposure	**$75,213.9**	**$89,152.0**	**$106,646.4**	**$113,825.3**	**$112,007.8**

(% of Total)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Asia	36.8%	36.9%	39.7%	40.8%	41.1%
Latin America and Caribbean	20.7%	22.1%	20.7%	18.8%	18.0%
Europe	10.5%	12.1%	10.6%	13.8%	14.2%
North America	10.3%	10.5%	9.9%	9.2%	7.7%
Oceania	6.1%	6.0%	7.8%	7.3%	7.4%
Africa	6.6%	5.4%	5.4%	4.9%	6.1%
All Other	9.0%	7.0%	5.9%	5.2%	5.5%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Exhibit 8 shows exposure by the major industrial sectors in the Bank's portfolio.

EXHIBIT 8: EXPOSURE BY MAJOR INDUSTRIAL SECTOR

(in millions)	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Air Transportation	$35,370.6	$43,014.5	$49,419.6	$51,337.8	$50,668.7
Manufacturing (other)	8,904.7	12,499.8	18,091.0	20,632.3	19,960.7
Oil and Gas	10,408.5	10,916.6	13,938.7	16,718.9	16,381.2
Power Projects	4,599.1	6,818.8	8,649.2	7,370.1	7,325.3
All Other	15,931.0	15,902.3	16,547.9	17,766.2	17,671.9
Total Exposure	**$75,213.9**	**$89,152.0**	**$106,646.4**	**$113,825.3**	**$112,007.8**

(% of Total)	FY 2010	FY 2011	FY 2012	FY 2012	FY 2014
Air Transportation	47.0%	48.2%	46.3%	45.1%	45.2%
Manufacturing (other)	11.8%	14.0%	17.0%	18.1%	17.8%
Oil and Gas	13.8%	12.2%	13.1%	14.7%	14.6%
Power Projects	6.1%	7.6%	8.1%	6.5%	6.5%
All Other	21.3%	18.0%	15.5%	15.6%	15.9%
Total Exposure	**100.0%**	**100.0%**	**100.0%**	**100.0%**	**100.0%**

Through the years, there has been a shift in Ex-Im Bank's portfolio. As the need for private-sector financing has increased, the percentage of Ex-Im Bank's portfolio represented by private obligors has increased from 67.2 percent in FY 2010 to 69.3 percent in FY 2014.

Of the portfolio at September 30, 2014, 30.7 percent represents credits to public-sector obligors or guarantors (6.9 percent to sovereign obligors or guarantors and 23.8 percent to public non-sovereign entities); 69.3 percent represents credits to private-sector obligors. Starting in 2003 Ex-Im Bank's portfolio began to shift from primarily sovereign and other public-sector borrowers to primarily private-sector borrowers. A breakdown of public-sector versus private-sector exposure is shown in Exhibit 9.

EXHIBIT 9: PUBLIC AND PRIVATE OBLIGORS

Year End	FY 2010	FY 2011	FY 2012	FY 2013	FY 2014
Private Obligors	67.2%	68.6%	69.3%	71.0%	69.3%
Public Obligors	32.8%	31.4%	30.7%	29.0%	30.7%

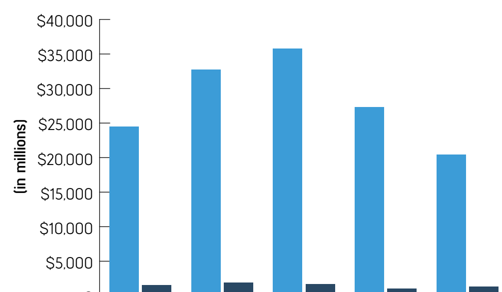
Ex-Im Bank provides guarantees in foreign currency to allow borrowers to better match debt service costs with earnings. Ex-Im Bank adjusts its reserves to reflect the potential risk of foreign-currency fluctuation.

In FY 2014, Ex-Im Bank approved $1,333.6 million in transactions denominated in a foreign currency, representing 6.5 percent of all new authorizations, as shown in Exhibit 10. In FY 2013, Ex-Im Bank approved $1,040.1 million in transactions denominated in a foreign currency, representing 3.8 percent of all new authorizations. Foreign currency transactions are booked in U.S. dollars based on the exchange rate at the time of authorization. The U.S. dollar exposure is adjusted at year end using the latest exchange rates.

At September 30, 2014, Ex-Im Bank had 97 transactions with outstanding balances denominated in a foreign currency. Using the foreign currency exchange rates at September 30, 2014, Ex-Im Bank adjusted the dollar amount of the outstanding balances for these transactions. The adjustment was a net increase in exposure of $163.7 million for a total outstanding balance of $7,329.6 million of foreign currency denominated guarantees, representing 6.5 percent of total Bank exposure.

At September 30, 2013, Ex-Im Bank had 138 transactions with outstanding balances denominated in a foreign currency. Using the foreign currency exchange rates at September 30, 2013, Ex-Im Bank adjusted the dollar amount of the outstanding balances for these transactions. The adjustment was a net increase in exposure of $524.5 million for a total outstanding balance of $8,370.2 million of foreign currency denominated guarantees, representing 7.4 percent of total Bank exposure.

EXHIBIT 10: FOREIGN CURRENCY TRANSACTIONS



Fiscal Year	2010	2011	2012	2013	2014
Authorizations	$24,467.8	$32,727.1	$35,784.3	$27,347.6	$20,467.9
Foreign Currency Authorizations	$1,529.3	$1,896.3	$1,721.2	$1,040.1	$1,333.6

The level of foreign currency authorizations is attributable in large part to borrowers' desire to borrow funds in the same currency as they earn funds in order to mitigate the risk involved with exchange rate fluctuations. The majority of the foreign currency authorizations support U.S. exports of commercial jet aircraft. Exhibit 11 shows the U.S. dollar value of the Bank's outstanding foreign currency exposure by currency.

EXHIBIT 11: U.S.-DOLLAR VALUE OF OUTSTANDING FOREIGN-CURRENCY EXPOSURE

	FY 2014		FY 2013	
Currency	Outstanding Balance (in millions)	Percentage of Total	Outstanding Balance (in millions)	Percentage of Total
Euro	$5,186.6	70.8%	$5,915.1	70.6%
Canadian Dollar	658.6	9.0%	719.0	8.6%
Japanese Yen	537.2	7.3%	638.1	7.6%
New Zealand Dollar	225.5	3.1%	278.5	3.3%
South African Rand	214.5	2.9%	168.1	2.0%
Austrlian Dollar	202.2	2.8%	248.4	3.0%
Mexican Peso	185.8	2.5%	240.7	2.9%
Korean Won	105.2	1.4%	122.0	1.5%
British Pound	13.9	0.2%	39.3	0.5%
Swiss Franc	–	0.0%	1.0	0.0%
Total	**7,329.6**	**100.0%**	**8,370.2**	**100.0%**

VI. LOSS RESERVES, MAJOR IMPAIRED ASSETS, AND PARIS CLUB ACTIVITIES

Allowance for Losses on Loans, Guarantees, Insurance and Subrogated Claims

The total allowance for Ex-Im Bank credits is comprised of an allowance for loss on all credits and defaulted guarantees and insurance policies. A provision is charged to earnings as losses are estimated to have occurred. Write-offs are charged against the allowance when management determines that a loan or claim balance is uncollectable. Subsequent recoveries, if any, are credited to the allowance.

The allowance for Ex-Im Bank credits authorized after FCRA equates to the amount of credit loss associated with the applicable credit. Ex-Im Bank has established cash flow models for expected defaults, fees, and recoveries to estimate the credit loss for allowance purposes. The models incorporate Ex-Im Bank's actual historical loss and recovery experience. In addition, beginning in FY 2012, based upon industry best practices as well as recent changes to the portfolio, the Bank incorporated qualitative factors into the quantitative methodology to calculate the credit loss allowance.

Due to the fact that financial and economic factors affecting credit repayment prospects change over time, the net estimated credit loss of loans, guarantees, and insurance is re-estimated annually in accordance with OMB guidelines and Statement of Federal Financial Accounting Standards 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees." This re-estimate indicates the appropriate level of funds necessary to cover projected future claims. Decreases in estimated credit losses result in excess funds returned to the U.S. Treasury while increases in estimated credit losses are covered by additional appropriations that become automatically available through permanent and indefinite authority, pursuant to the FCRA.

As indicated in Exhibit 12B and 15, the overall weighted-average risk rating of the Bank's portfolio remained relatively unchanged from a rating of 3.70 at the end of FY 2013 to a rating of 3.75 at the end of FY 2014.

Prior to FY 2012, Ex-Im Bank relied primarily on quantitative factors to calculate loss reserves. Because the portfolio grew significantly over the past few years and the composition of the portfolio became more complex, the Bank analyzed and developed for FY 2012 credit loss factors that incorporated both a quantitative and an enhanced qualitative framework. The additional qualitative factors are based on the risk profile of the Bank's portfolio and were added to the quantitative factors to better and more accurately measure risk through the reserve process. The Bank continues to improve both its quantitative and qualitative framework. In FY 2014 the Bank includes ten qualitative adjustments into its loss model, of which seven were built into the quantitative framework. Those built into the quantitative framework include factors such as loss curves for sovereign guaranteed transactions and asset backed aircraft. Those not built into the quantitative framework look at minimum levels of expected losses, the global macroeconomic environment, and the recent growth in the Bank's portfolio.

The estimated credit loss of the outstanding balance of loans, guarantees and insurance is re-estimated annually in accordance with OMB guidelines and SFFAS 18, "Amendments to Accounting Standards for Direct Loans and Loan Guarantees" This re-estimate indicates the appropriate balance necessary in the financing accounts to ensure sufficient funds to pay future estimated claims. Ex-Im Bank can experience downward reestimates, sending funds to the U.S. Treasury, or upward reestimates, receiving funds in the form of appropriation from the U.S. Treasury, which can vary by year. Since the Federal Credit Reform Act of 1990, Ex-Im Bank has sent over $11 billion in net downward reestimates to the U.S. Treasury.

The re-estimate of the credit loss of the exposure for FY 1992 through FY 2014 commitments calculated at September 30, 2014, indicated that the net amount of $479.8 million of additional funds were needed in the financing accounts. This will be received from the U.S. Treasury in FY 2015. The re-estimate of the credit loss of the exposure for FY 1992 through FY 2012 commitments calculated at September 30, 2013, indicated that of the balances in the financing accounts, the net amount of

$492.5 million of additional funds were needed in the financing accounts. This amount was received in FY 2014.

The total allowance for losses at September 30, 2014, for loans, claims, guarantees and insurance commitments is $5,045.2 million, representing 4.5 percent of total exposure of $112,007.8 million (Exhibit 12B). This compares to the allowance for losses at September 30, 2013, for loans, claims receivable, guarantees and insurance commitments of $4,631.4 million representing 4.1 percent of total exposure of $113,825.3 million.

EXHIBIT 12A: OUTSTANDING EXPOSURE AND ALLOWANCE BY PROGRAM

(in millions)	FY 2014	FY 2013
Outstanding Loans	$21,560.4	$18,248.1
Allowance for Loan Losses	2,409.9	1,927.2
Percent Allowance to Outstanding Balance	11.1%	10.6%
Outstanding Defaulted Guarantees and Insurance	1,219.9	1,328.9
Allowance for Defaulted Guarantees and Insurance	1,014.6	1,083.4
Percent Allowance to Outstanding Balance	83.2%	81.5%
Outstanding Guarantees & Insurance	63,159.8	62,062.7
Liability for Guarantees & Insurance	1,620.7	1,620.8
Percent Allowance to Outstanding Balance	2.6%	2.6%
Total reserves	**$5,045.20**	**$4,631.40**

The allowances for losses for Ex-Im Bank credits authorized after the Federal Credit Reform Act of 1990 (FCRA) equates to the amount of estimated credit loss associated with the applicable loans, claims, guarantees, and insurance. According to SFFAS 2, Accounting for Direct Loans and Guarantees, direct loans disbursed and outstanding are recognized as assets at the present value of their estimated net cash flows. The difference between the outstanding principal of the loans and the present value of their net cash inflows is recognized as the allowance for credit losses. For guaranteed loans outstanding, the present value of estimate net cash flows of the loan guarantee is recognized as a guaranteed loan liability.

The total allowance for losses at September 30, 2014 was over

$5b+

this was for loans, guarantees and insurance commitments.

Ex-Im Bank's credit programs generally have fees and interest rates higher than the expected default and funding costs, resulting in the net present value of cash inflows to be greater than the outstanding principal of the credit. This has caused a slight decrease in the allowance for credit losses as a percent of total credits outstanding.

EXHIBIT 12B: LOSS RESERVES AND EXPOSURE SUMMARY

(in millions)	FY 2014	FY 2013
Outstanding Guarantees and Insurance	$63,159.8	$62,062.7
Outstanding Loans	21,560.4	18,248.1
Outstanding Defaulted Guarantees and Insurance	1,219.9	1,328.9
Total Outstanding	$85,940.1	$81,639.7
Undisbursed Guarantees and Insurance	$14,973.4	$17,429.7
Undisbursed Loans	11,094.3	14,755.9
Total Undisbursed	$26,067.7	$32,185.6
Total Exposure	**$112,007.8**	**$113,825.3**
Weighted-Average Risk Rating or Total Exposure	3.75	3.70
Loss Reserves		
Liability for Guarantees and Insurance	$1,620.7	$1,620.8
Allowance for Loan Losses	2,409.9	1,927.2
Allowance for Defaulted Guarantees and Insurance	1,014.6	1,083.4
Total Reserves	**$5,045.2**	**$4,631.4**
Loss Reserve as Percentage of Outstanding Balance	5.9%	5.7%
Loss Reserve as Percentage of Total Exposure	4.5%	4.1%

Major Impaired Assets

Impaired Credits are defined as those transactions risk rated as Budget Cost Level ("BCL") 9-11 and on the verge of impairment due to political, commercial, operational and/or technical events or situations, and/or Acts of God that have affected the Borrower's ability to service repayment of Ex-Im Bank credits.

At September 30, 2014, Ex-Im Bank's aggregate amount of impaired credits exposure was $294.3 million compared to $434.0 million in September 30, 2013.

Paris Club Activities

The Paris Club is a group of 20 permanent member-creditor countries that meet regularly in Paris to discuss and provide debt relief to qualifying debtor countries. The U.S. Treasury and State Department are members of the organization and represent the interests of all U.S. agencies that hold international debt. In FY 2014 and FY 2013, no countries and two countries, respectively, received Paris Club treatment of their debt owed to Ex-Im Bank (Exhibit 13).

After over a decade of intermittent discussions, The Paris Club reached an agreement with Argentina in FY 2014 on a plan to clear Argentina's outstanding debt. This agreement was negotiated with Paris Club creditors similar to a traditional Paris Club agreement. Argentina agreed to repay Ex-Im Bank the full outstanding principal, interest, and late interest of $562.2 million at renegotiated terms. This agreement remains to be implemented by the Paris Club.

EXHIBIT 13: PARIS CLUB BILATERAL AGREEMENTS

(in thousands)	FY 2014	FY 2013
Country	**Principal Forgiven**	**Principal Forgiven**
Guinea	$–	$6,049.0
Côte d'Ivoire	–	98,876.0
Total	**–**	**104,925.0**

VII. PORTFOLIO-RISK RATING SYSTEM AND RISK PROFILE

The Interagency Country Risk Assessment System (ICRAS)

OMB established the Interagency Country Risk Assessment System (ICRAS) to provide a framework for uniformly measuring the costs of the U.S. government's international credit programs across the various agencies that administer them. To operate this framework, OMB chairs an interagency working group composed of the agencies with international loan programs, as well as the Departments of State and U.S. Treasury, the Federal Deposit Insurance Corp. and the Federal Reserve Board. In addition, OMB consults annually with the Congressional Budget Office.

The ICRAS methodology determines both the risk levels for lending to sovereign governments and non-sovereign borrowers. One of OMB's key goals in developing this system was to pattern ICRAS after systems in the private sector. Therefore ICRAS adopts similar ratings and rating methodologies as the private rating agencies, such as Moody's, Standard & Poor's and Fitch IBCA.

Risk Ratings

ICRAS rates every country to which U.S. government agencies have outstanding loans or loan guarantees or are anticipating making new credits available. ICRAS rates countries on the basis of economic, political and social variables. There are 11 sovereign and nine non sovereign risk categories and each country receives two ratings: a sovereign-risk rating and a non-sovereign-risk rating. ICRAS currently has risk ratings for 201 sovereign and 203 non-sovereign markets.

ICRAS rates countries on the basis of economic, political and social variables. Throughout the rating process analysts use private-sector ratings as one of the benchmarks for determining the ICRAS rating in keeping with the principle of congruence to private ratings. When ICRAS ratings significantly deviate from Moody's, S&P's, Fitch IBCA's or OECD ratings, the reasoning is substantiated in an ICRAS paper and is the subject of interagency discussion. This presumption serves as a key reference point throughout the ICRAS process.

The ratings are based, in general, on a country's (1) ability to make payments, as indicated by relevant economic factors and (2) willingness to pay, as indicated by payment record and political and social factors. Four categories, ratings 1 through 4, are roughly equivalent to "creditworthy" or "investment grade" private bond ratings. Three categories, ratings 9 to 11, are for countries either unable to pay fully, even with extended repayment periods, or currently unwilling to make a good faith effort. In between are categories reflecting various degrees of potential or actual payment difficulties.

ICRAS Default Estimates

Ex-Im Bank has established cash flow models for expected defaults, fees and recoveries to estimate the credit loss for each approved credit. For new authorizations in FY 2014 and FY 2013, the models incorporated Ex-Im Bank's actual historical loss and recovery experience.

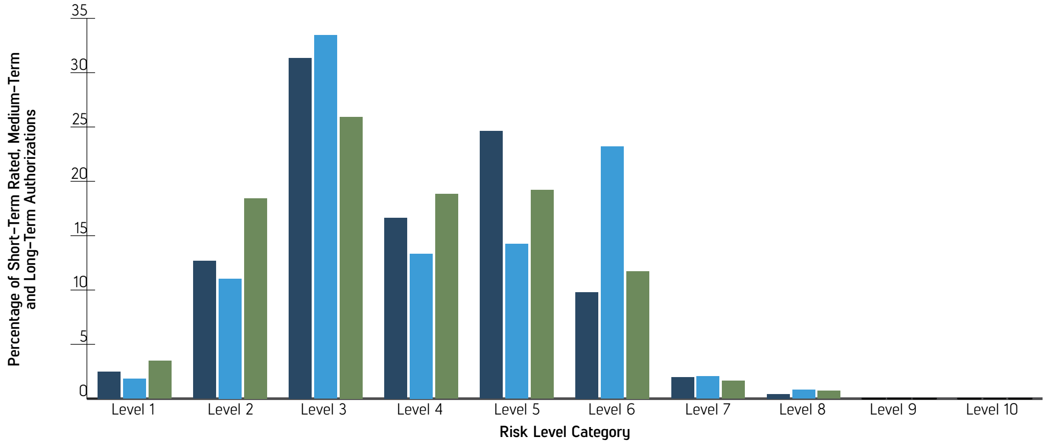
Exposure Risk Profile

In accordance with the risk rating system detailed above, Ex-Im Bank classifies credits into 11 risk categories, with level 1 being the lowest risk. Ex-Im Bank generally does not authorize new credits that would be risk-rated worse than level 8. On this scale, level 3 is approximately equivalent to Standard and Poor's BBB, level 4 approximates BBB-, and level 5 approximates BB. In addition, certain credits and capitalized interest included in gross loans receivable are reserved at 100 percent.

The increase in the new authorization weighted-average risk rating is primarily related to the increase in demand for Ex-Im Bank-supported financing among higher risk-rated obligors. The overall weighted-average risk rating for FY 2014 short-term rated, medium-term, and long-term export-credit authorizations was 4.09 compared to a weighted-average risk rating of 3.88 in FY 2013 and 3.71 on average for the last five years. For FY 2014, 63.2 percent of Ex-Im Bank's short-term rated, medium-term, and long-term new authorizations were in the level 1 to 4 range (AAA to BBB-) while 25.8 percent were rated level 5 to 8 (BB+ to B-).

Exhibit 14 shows the risk profile of Ex-Im Bank's short-term rated, medium-term, and long-term authorizations in FY 2014 and FY 2013 and the past five-year average-risk profile.

EXHIBIT 14: SHORT-TERM RATED, MEDIUM-TERM, AND LONG-TERM AUTHORIZATIONS BY RISK CATEGORY



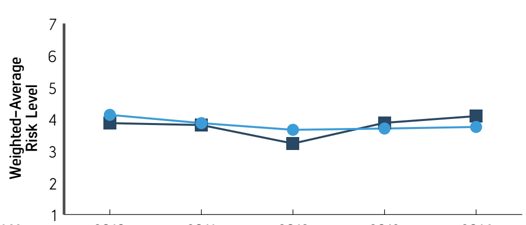
	Level 1	Level 2	Level 3	Level 4	Level 5	Level 6	Level 7	Level 8	Level 9	Level 10
2013	2.50%	12.67%	31.36%	16.64%	24.62%	9.80%	1.96%	0.43%	0.01%	0.01%
2014	1.82%	11.04%	33.45%	13.35%	14.23%	23.21%	2.05%	0.82%	0.02%	0.00%
5 year average	3.48%	18.44%	25.94%	18.84%	19.20%	11.74%	1.63%	0.73%	0.01%	0.01%

Changes in the Portfolio-Risk Level

At September 30, 2014, Ex-Im Bank had a portfolio exposure of $112,007.8 million of loans, guarantees, insurance and outstanding claims receivable. Exhibit 15 shows the weighted–average risk rating for new authorizations and the outstanding portfolio over the past five fiscal years. The new business risk rating includes all short-term rated, medium-term, and long-term transactions authorized in each respective fiscal year and reflects the weighted-average risk rating for these authorizations. The outstanding portfolio includes new business transactions and the existing portfolio risk-rated at the end of each fiscal year.

The risk rating for the outstanding portfolio remained fairly constant at 3.75 in FY 2014 as compared to 3.70 in FY 2013 (Exhibit 15).

EXHIBIT 15: CREDIT-QUALITY RISK PROFILE



Fiscal Year	2010	2011	2012	2013	2014
Total Exposure	4.13	3.87	3.66	3.70	3.75
New Business	3.87	3.81	3.23	3.88	4.09

VIII. RESULTS OF OPERATIONS

Ex-Im Bank reports under generally accepted accounting principles in the United States applicable to federal agencies (government GAAP) and in accordance with form and content guidance provided in OMB Circular A-136, *Financial Reporting Requirements*, revised as of September 18, 2014. Under government GAAP standards, the Bank reported total net excess program costs over revenue of $526.1 million for the year ended September 30, 2014, and $539.9 million for the year ended September 30, 2013. The Statement of Net Cost does not provide an assessment of Ex-Im Bank's operational performance. As mentioned, this statement is set up to present expenditures of funds for programs, assuming federal agencies do not earn excess fees or profit. Refer to explanation of Statement of Net Cost in section Statement of Net Cost below.

Although the Bank may on occasion receive appropriations when it is determined that additional funds are needed through the credit loss re-estimate of the Bank's existing portfolio, the Bank no longer receives annual appropriations from Congress to cover administrative costs and program costs for new loan, guarantee and insurance authorizations. Instead, the Bank covers these costs from the fees collected on a cash basis (offsetting collections) from the Bank's credit program customers. Fees collected are first used to cover the costs of the Bank's loan, guarantee, and insurance programs by setting aside prudent reserves for credit losses. Fees collected in excess of those set aside for reserves (offsetting collections) are then used to cover administrative and program costs up to limits set by Congress. The disposition of fees collected in excess of amounts set aside for administrative and program costs are determined by the Bank's annual appropriation act passed by the U.S. Congress. Ex-Im Bank continues to devote time and resources in exploring ways to reduce credit subsidy expenses or program cost, which are on track to reach zero subsidies in FY 2015.

In FY 2014, Ex-Im Bank collected $800.2 million in offsetting collections, of which $105.0 million was used to cover administrative expense obligations, $10.0 million was retained and is available for obligation until September 30, 2017, $10.5 million to cover the ongoing renovations to Bank Headquarters, and $674.7 million was sent to the U.S. Treasury. Program costs of $8.7 million were obligated from available funds carried over from prior years. $23.0 million was sent to Treasury in a rescission.

In FY 2013, Ex-Im had $1,254.8 million in offsetting collections, of which $89.9 million was used to cover administrative-expense obligations, $108.0 million was retained and is available for obligation until September 30, 2016, and $1,056.9 million was sent to the U.S. Treasury. Program costs of $34.1 million were obligated from available funds carried over from prior years. $400.0 million was sent to Treasury in a rescission.

The receipt of appropriations through the re-estimate process and the transfer of excess offsetting collections to the U.S. Treasury are governed by separate processes and different statutory requirements. The credit loss re-estimate applies to the entire portfolio, and, if necessary, funds required for an upward re-estimate are provided by specific appropriations pursuant to the FCRA. New obligations made in the current fiscal year for administrative and program costs are covered by fee collections and the use and restriction of those collections is defined in the Bank's annual appropriations acts and frequently results in the transfer of some offsetting collections to the U.S. Treasury.

Significant Financial Data

Exhibit 16 presents certain financial data from the Balance Sheets and the Statements of Net Costs. This financial data is highlighted due to a significant change (10 percent or more) and/or significant dollar difference between the applicable periods for FY 2014 and FY 2013. More detailed financial information can be found in the financial statements and notes.

EXHIBIT 16: SIGNIFICANT FINANCIAL DATA

(in millions)

Balance Sheets	FY 2014	FY 2013
Fund Balance with the U.S. Treasury	$4,058.6	$3,387.0
Loans Receivable, Net	19,284.4	16,447.5
Receivables from Subrogated Claims, Net	207.3	247.0
Other Assets	28.6	33.7
Borrowings from the U.S. Treasury	21,633.6	18,101.8
Payment Certificates	21.4	33.1
Claims Payable	2.2	12.5
Other Liabilities	216.2	263.6
Statements of Net Costs		
Fee & Other Income	$566.6	$477.0
Insurance Premium & Other Income	36.4	48.0

Balance Sheet

Ex-Im Bank follows generally accepted accounting principles in the United States applicable to federal agencies (government GAAP) and OMB guidance when preparing its financial statements and related footnotes. This guidance is set up around receiving appropriations and use of funds for programs.

In FY 2014, Ex-Im Bank had a negative Net Position in the Balance Sheet of $1,030.5 million. The main variable impacting Ex-Im's Net Position is the Cumulative Results of Operations, which represent distribution of funds to the U.S. Treasury rather than the results of operational activities. The Federal Credit Reform Act of 1990 requires federal agencies to transfer excess funds to the U.S. Treasury

Most of Ex-Im Bank's funds transfers to the U.S. Treasury are in the form of dividends declared and paid, liquidating account transfers, excess fees, and net reestimate. Prior to 1992, Ex-Im Bank declared and paid dividends to the U.S. Treasury that totaled $1.1 billion. Additionally, since Credit Reform Act of 1990, which took effect in 1992, Ex-Im has sent a net $6.9 billion to the U.S. Treasury, which includes $813 million from its liquidating accounts to the US Treasury and has sent a net total of $11.0 billion in downward reestimate to the US Treasury. Ex-Im has also transferred to Treasury $2.7 billion in excess fees (negative subsidy). These dividends and transfers are accounted as a reduction of Cumulative Results of Operations, resulting in the negative Cumulative Results of Operations of $2,244.9 million.

Fund Balance with the U.S. Treasury: The Fund Balance with the U.S. Treasury increased by $671.6 million from $3,387.0 million at September 30, 2013 to $4,058.6 million at September 30, 2014. The change is primarily attributed to approximately $1,887.4 million in loan principal repayments, interest, and guarantee fee collections, $3,531.8 million in net borrowings from Treasury, and $671.6 million in exposure fee collections; and $492.5 million received for the FY 2013 net credit-loss reserve re-estimate. This is offset by $4,513.5 million in direct-loan disbursements, $549.2 million in net Treasury interest expense, a rescission of $23.0 million and the transfer of $674.7 million in offsetting collections to the U.S. Treasury.

Loans Receivable, Net: Loans Receivable increased $2,836.9 million from $16,447.5 million at September 30, 2013 to $19,284.4 million at September 30, 2014 primarily as a result of $4,513.5 million in direct loan disbursements, offset by a $241.4 million decrease in allowance of doubtful accounts and $1,575.5 million of direct loan repayments.

Receivables from Subrogated Claims, Net: Receivables from Subrogated Claims, Net decreased $39.7 million from $247.0 million at September 30, 2013 to $207.3 million at

Ex-Im Bank paid

$40.3m

in claims on a $112.0 billion portfolio in FY 2014.

September 30, 2014. The decrease is related to claim recoveries exceeding claim payments.

Other Assets: Other Assets decreased $5.1 million from $33.7 million at September 30, 2013 to $28.6 million at September 30, 2014. The change mostly relates to a decrease in commitment fee receivable.

Borrowings from the U.S. Treasury: Borrowings from the U.S. Treasury increased $3,531.8 million from $18,101.8 million at the end of FY 2013 to $21,633.6 million as of September 30, 2014. The increase is attributable to additional borrowings used to fund direct loans.

Payment Certificates: Payment Certificates decreased $11.7 million from $33.1 million at the end of FY 2013 to $21.4 million as of September 30, 2014. The decrease is mostly due to the payment certificates repayments.

Claims Payable: Claims Payable decreased $10.3 million from $12.5 million at September 30, 2013, to $2.2 million at September 30, 2014. The decreasing balance in more reflective of a timing issue than an identifiable trend.

Other Liabilities: Other Liabilities decreased $47.5 million from $263.6 million at September 30, 2013 to $216.2 million at September 30, 2014. The change is mostly related to the reduction of fees deferred and funds received pending application.

Statement of Net Cost

As mentioned, Ex-Im Bank's Statement of Net Costs follows generally accepted accounting principles in the United States applicable to federal agencies. This government GAAP statement is set up to present expenditures of funds for programs hence the name Net Costs, associated cash flows, and assumes federal agencies do not earn excess fees or profits. Ex-Im Bank's net excess cost over revenue for FY 2014 was $526.1 million.

The Statement of Net Cost does not provide an assessment of Ex-Im Bank's operational performance. Operationally, Ex-Im Bank earned $800.2 million in offsetting collections after setting funds aside for credit loss reserves. Of these amounts, $674.7 million was sent to the U.S. Treasury. The remaining funds were used to cover administrative and program expenses. The Statement of Net Cost is set up to present expenditures of funds for programs, assuming federal agencies do not earn excess fees or profit. The excess fees and the interest the Bank collects flow through the Statement of Net Cost. However, they have no impact on the bottom line. All fees, including those in excess of the requirement for loan loss reserves, are fully offset at the Provision for Credit Losses in this statement. This happens whether or not Ex-Im is collecting excess fees (offsetting collections). Additionally, when these excess fees are sent to the U.S. Treasury, they do not have an impact on the Statement of Net Cost and only flow through the Balance Sheet, through the Cumulative Results of Operations line as discussed above.

Fees & Other Income: Fees and Other Income increased $89.6 million from $477.0 million as of September 30, 2013 to $566.6 million in the same period in FY 2014. The change represents activity resulting from increased levels of loan, guarantee and insurance authorizations over the past few years.

Insurance Premium & Other Income: Insurance Premium and Other Income decreased $11.7 million from $48.0 million as of September 30, 2013 to $36.4 million in the same period in FY 2014. This was due to a decrease in authorizations.

Significant Factors Influencing Financial Results

The most significant factor that determines Ex-Im Bank's financial results and condition is a change in the risk level of Ex-Im Bank's loan, guarantee and insurance portfolio, and the adjustment to the allowance for credit losses that must be made to reflect the change in risk. The level of risk of individual credits or groups of credits may change in an unexpected manner as a result of international financial, economic and political events. Consequently, significant and unanticipated changes in Ex-Im Bank's allowance for credit losses may occur in any year.

The major risks to the Bank in its credit portfolio are repayment risk and market risk. Other risks the Bank must assess and attempt to minimize are strategic risk, operational risk, and legal risk.

Repayment Risk: In fulfilling its mission to support U.S. jobs by facilitating the export of U.S. goods and services, by providing competitive export financing, and ensuring a level playing field for U.S. goods and services in the global marketplace, Ex-Im Bank must balance the risks associated with assuming credit and country risks that the private sector is unable or unwilling to accept with the requirement of reasonable assurance of repayment for its credit authorizations. Repayment risk is the risk that a borrower will not pay according to the original agreement and the Bank may eventually have to write-off some or all of the obligation. Repayment risk is primarily composed of:

Credit Risk: The risk that an obligor may not have sufficient funds to service its debt or may not be willing to service its debt even if sufficient funds are available.

Country Risk: The risk that payment may not be made to the Bank, its guaranteed lender, or its insured as a result of expropriation of the obligor's property, war, or inconvertibility of the borrower's currency into U.S. dollars.

Market Risk: Risks stemming from the nature of the markets in which the Bank operates. Principal components of market risk are:

Concentration Risk: Risks from the composition of the credit portfolio as opposed to risks related to specific obligors. The Bank has the following concentration risks:

Industry: The risk that events could negatively impact not only one company but many companies simultaneously in the same industry. The Bank's credit exposure is highly concentrated by industry: 77.6 percent of the Bank's credit portfolio is in three industries (air transportation, manufacturing, and oil and gas), with air transportation representing 45.2 percent of the Bank's total exposure. Events impacting these industries are frequently international in nature and may not be confined to a specific country or geographic area.

Geographic Region Concentration: The risk that events could negatively impact not only one country but many countries simultaneously in an entire region. The Bank's credit exposure is concentrated by geographic region, with 59.1 percent of the portfolio contained in two geographic regions: Asia (41.1 percent) and Latin America and Caribbean (18.0 percent).

Obligor Concentration: The risk stemming from portfolio concentration with one or a few obligors such that a default by one or more of those borrowers will have a disproportionate impact. The Bank's 10 largest public-sector obligors make up 17.1 percent of its portfolio, and the 10 largest private-sector obligors make up 23.5 percent.

Foreign-Currency Risk: Risk stemming from an appreciation or depreciation in the value of a foreign currency in relation to the U.S. dollar in Ex-Im Bank transactions denominated in that foreign currency. At the time of authorization, Ex-Im Bank does not hedge its foreign-currency exposure; however, when the Bank pays claims under foreign-currency guarantees, the notes are converted from a foreign-currency obligation to a U.S. dollar obligation. The obligor must then repay to Ex-Im Bank the balance in U.S. dollars. This converts the foreign-currency loan to a dollar loan at that point, thereby eliminating any further foreign-exchange risks.

Ex-Im Bank provides support for guarantees and insurance denominated in certain foreign currencies. The foreign currencies approved for Ex-Im Bank transactions as of September 30, 2013 are: Australian dollar, Brazilian real, British pound, Canadian dollar, CFA franc, Chinese yuan, Colombian peso, Egyptian pound, euro, Hong Kong dollar, Indian rupee, Indonesian rupiah, Japanese yen, Korean won, Malaysian ringgit, Mexican peso, Moroccan dirham, New Zealand dollar, Norwegian krone, Pakistani rupee, Philippine peso, Polish zloty, Russian ruble, Singapore dollar, South African rand, Swedish krona, Swiss franc, Taiwanese dollar, Thai baht, UAE dirham. At the time of authorization, Ex-Im Bank records the authorization amount as the U.S.-dollar equivalent of the foreign-currency obligation based on the exchange rate at that time.

Interest Rate Risk: Ex-Im Bank makes fixed-rate loan commitments prior to borrowing to fund loans and takes the risk that it will have to borrow the funds at an interest rate greater than the rate charged on the credit. To mitigate the interest rate risk, Ex-Im charges at least 100 basis points over borrowing costs and generally fixed the interest rates at the time of disbursement.

Operational Risk: Operational risk is the risk of material losses resulting from human error, system deficiencies and control weaknesses. To mitigate the risk of loss stemming from operational dysfunctions, Ex-Im Bank has established a strong internal control environment that is reviewed by an independent internal auditor and has included process documentation, proper supervisory monitoring and technology access/edit controls. Ex-Im Bank also has an Office of Inspector General that conducts audits, inspections and investigations relating to the Bank's program and support operations.

IX. OTHER MANAGEMENT INFORMATION

Statutory Limitations

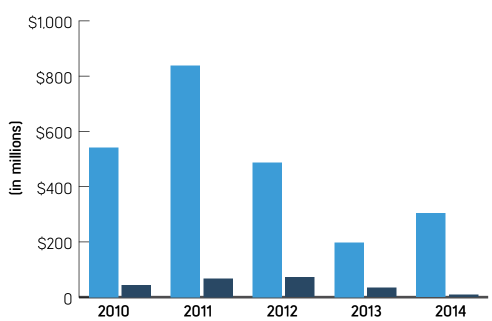
Ex-Im Bank has several significant financial limitations that are contained in its charter and in various appropriation acts. The following exhibits (Exhibit 17 and Exhibit 18) summarize the status of those limitations as of September 30, 2014 as well as the utilization of available funding.

EXHIBIT 17: FINANCIAL STATUTORY LIMITATIONS

Spending Authority	Program Budget	No-Year Funds (including Tied-Aid)	Administrative Expense (including OIG)
Carry-Over from Prior Year	$85.8	$214.5	$1.9
Rescission of Carry-Over Funds	(23.0)	–	–
Cancellations During FY 2014	8.5	0.3	–
Offsetting Collections	10.0	36.8	105.6
Inspector General	N/A	N/A	5.1
Total	**$81.3**	**$251.6**	**$112.6**
Obligated	$8.7	$21.4	$110.5
Unobligated Balance Lapsed	0.7	–	0.3
Unobligated Balance Available	$71.9	$230.2	$1.8
	Available	**Obligated**	**Balance**
Statutory Lending Authority	$140,000.0	$112,007.8	$27,992.2

Tied-aid is government-to-government concessional financing of public-sector capital projects in developing countries. Tied-aid terms usually involve total maturities longer than 20 years, lower-than-market interest rates and/or direct grants.

EXHIBIT 18: PROGRAM BUDGET (EXCLUDING TIED AID) AVAILABLE AND UTILIZED



	2010	2011	2012	2013	2014
Available	$541.6	$838.7	$487.9	$197.9	$303.9
Utilized	$44.0	$68.1	$72.1	$34.1	$8.7

X. LIMITATIONS OF THE FINANCIAL STATEMENTS

The financial statements have been prepared to report the financial position and results of operations of Ex-Im Bank, pursuant to the requirements of 31 U.S.C. 3515 (b). While the statements have been prepared from the books and records of Ex-Im Bank in accordance with government GAAP and the formats prescribed by OMB, the statements are in addition to the financial reports used to monitor and control budgetary resources, which are prepared from the same books and records.

The statements should be read with the understanding that they are prepared for a component of the U.S. government, a sovereign entity.

XI. REQUIRED SUPPLEMENTARY INFORMATION

Exhibit 19 presents the Statement of Budgetary Resources by Ex-Im Bank's major budget accounts.

Improper Payments Elimination and Recovery Act

The Improper Payments Elimination and Recovery Act (IPERA) of 2010 (P.L. No. 111-204) requires agencies to review their programs and activities to identify those susceptible to significant improper payments. In accordance with the Improper Payments Information Act of 2002 (IPIA), Ex-Im Bank assessed its risk of a significant erroneous payment (defined for this purpose as annual erroneous payments in a program exceeding both 2.5 percent of the program payments and $10 million or $100 million, regardless of the improper payment percentage of total program outlays). The scope of this assessment included all program payments. For this purpose the term "payment" is defined as any payment that is:

- A payment or transfer of funds (including a commitment for future payment, such as cash, securities, loans, loan guarantees, and insurance subsidies) to any non-federal person or entity.
- Made by a federal agency, a federal contractor, federal grantee, or a governmental or other organization administering a federal program or activity.

Ex-Im Bank identified three areas of payments which qualify under the above definition and therefore, warranted a risk assessment: administrative payments, claim payments, and loan disbursements. Ex-Im Bank assessed the risk of improper payments associated with these programs to be low due to its internal controls in place, the nature of these disbursements, and the results of an internal risk assessment questionnaire.

The questionnaire includes questions categorized per the Committee of Sponsoring Organizations of the Treadway Commission (COSO) Internal Control Framework (control environment, risk assessment, control activities, information and communication, and monitoring). Inclusion of the questionnaire incorporates additional quantitative components into the risk assessment and incorporates qualitative feedback from senior management.

The Bank has a strong system of internal controls in place, along with improved due diligence procedures and increased oversight by the Bank's Inspector General, to help prevent improper payments and to detect them should they occur. Ex-Im's preventive and detective controls are part of the routine payment process. Because this year's assessment resulted in a low-risk of improper payments and the amount of known improper payments

EXHIBIT 19: DISAGGREGATED STATEMENT OF BUDGETARY RESOURCES

For the Year Ended September 30, 2014

(in millions)	Program Account	Direct Loan Financing Account	Guaranteed Loan Financing Account	Pre-Credit Refrom Financing Account	Other	Total
BUDGETARY RESOURCES						
Unobligated Balance, Brought Forward October 1	$541.0	$ —	$2,053.5	$0.1	$11.7	$2,606.3
Recoveries of Prior-Year Unpaid Obligations	9.6	715.5	—	—	0.1	725.2
Other changes in unobligated balance	(1.6)	(741.5)	—	—	(0.1)	(743.2)
Unobligated Balance From Prior Year Budget Authority, Net	549.0	(26.0)	2,053.5	0.1	11.7	2,588.3
Appropriations	1,413.0	—	—	—	5.1	1,418.1
Borrowing authority	—	—	—	—	—	—
Borrowing authority Withdrawn	—	(306.2)	—	—	—	(306.2)
Spending Authority from Offsetting Collections	151.7	3,333.1	860.9	10.6	(10.1)	4,346.2
Total Budgetary Resources	**$2,113.7**	**$3,000.9**	**$2,914.4**	**$10.7**	**$6.7**	**$8,046.4**
STATUS OF BUDGETARY RESOURCES						
Obligations incurred	$1,580.8	$3,000.9	$1,044.6	$10.7	$5.0	$5,642.0
Unobligated balance, end of year:						
Apportioned	271.4	—	1,869.8	—	1.8	2,143.0
Unapportioned	261.4	—	—	—		261.4
Total Unobligated Balance, End of Year	532.8	—	1,869.8	—	1.8	2,404.4
Total Status of Budgetary Resources	**$2,113.6**	**$3,000.9**	**$2,914.4**	**$10.7**	**$6.8**	**$8,046.4**
CHANGE IN OBLIGATED BALANCE						
Unpaid obligations, brought forward, October 1 (gross)	$115.7	$15,740.3	$12.9	$—	$1.4	$15,870.3
Obligations Incurred	1,580.8	3,000.9	1,044.6	10.7	5.0	5,642.0
Outlays (gross) (–)	(1,558.7)	(5,970.8)	(1,054.7)	(10.7)	(4.0)	(8,598.9)
Recoveries of Prior-Year Unpaid Obligations	(9.6)	(715.5)	—	—	(0.1)	(725.2)
Obligated Balance, End of Year						
Unpaid Obligations, End of Year, Gross	128.2	12,054.9	2.8	—	2.3	12,188.2
Uncollected Customer Payments From Federal Sources, End of Year	$0.0	($12.9)	($90.2)		$0.1	($103.0)
Total, Unpaid Obligated Balance, Net, End of Period	**128.2**	**12,042.0**	**(87.4)**	**0.0**	**2.4**	**12,085.2**
Budget Authority and Outlays, Net:						
Budget Authority, Gross	1,564.7	3,333.1	860.9	10.6	(5.0)	5,764.3
Actual Offsetting Collections	(151.7)	(3,347.8)	(887.9)	(65.7)	(20.5)	(4,473.6)
Change in Uncollected Customer Payments From Federal Sources	—	0.1	22.3	—	0.2	22.6
Budget Authority, Net	**$1,413.0**	**$(14.6)**	**($4.7)**	**($55.1)**	**($25.3)**	**$1,313.3**
Outlays, Gross	$1,558.7	$5,970.8	$1,054.7	$10.7	$4.0	$8,598.9
Actual Offsetting Collections	(151.7)	(3,347.8)	(887.9)	(65.7)	(20.5)	(4,473.6)
Outlays, Net	**$1,407.0**	**$2,623.0**	**$166.8**	**($55.0)**	**($16.5)**	**$4,125.3**

was small, the Bank did not establish a formal recapture audit plan in FY14. However, the Bank actively pursues recovery of any payment that has been identified as being made improperly. According to IPIA, as amended by IPERA, Ex-Im Bank will conduct a risk assessment each year. If the risk assessment shows an increase in the risk of improper payments in any of the Bank's programs, if there is a substantial increase in the amount of improper payments, and/or if the recovery rate decreases significantly, the Bank will reevaluate its payment processes and procedures and determine if it is beneficial for it to pursue improper payment recoveries and to establish a formal recapture audit plan, per A-136 Government Accounting Manual guidance.